

Decision

CP

Matter of: John C. Kathmann
File: B-248906
Date: November 18, 1992

DIGEST

1. A transferred employee sold his residence at his old duty station and seeks reimbursement for the cost of radon and structural inspections as required services, because they were required by the purchaser as a condition of purchase. The term "required services" as used in 41 C.F.R. Part 302-6 (1991), relates only to those services which are imposed on the employee by state and local law, or by a lender as a precondition to financing. Since neither of the services performed were so required of the employee, he may not be reimbursed. Leonard L. Garofolo, 67 Comp. Gen. 449 (1988).

2. A transferred employee sold his residence at his old duty station and seeks reimbursement for the cost of the survey of his property required to be made by the purchaser. Ordinarily, such costs are ones borne by purchasers since the service is required by mortgage lenders. However, 41 C.F.R. § 302-6.2(c) permits reimbursement if it is customary in the area of the residence for a seller to pay that cost. Since it has been confirmed that such custom prevails in the residence area, it may be reimbursed to the seller to the extent that the cost is not excessive.

DECISION

This decision is in response to a request from a Certifying Officer, Office of Surface Mining, Reclamation and Enforcement, Department of the Interior,¹ concerning the entitlement of an employee to be reimbursed additional real estate sales expenses incident to a permanent change of station in October 1991. We conclude he may be reimbursed an additional amount for a lot survey, but not for a radon inspection or a structural inspection.

¹Mr. Roy E. Morris, Denver, Colorado.

Mr. John C. Kathmann, an employee of the Office of Surface Mining, Reclamation and Enforcement, was transferred from Albuquerque, New Mexico, to Charleston, West Virginia, effective October 7, 1991. Incident to that transfer, he sold his residence at his old station and sought reimbursement for the expenses of its sale. A number of expense items were disallowed. Of those disallowed, Mr. Kathmann reclaimed the cost of a radon inspection (\$95.18), a structural inspection (\$269.67), and a survey of the property (\$174.49).

With regard to the cost of the radon and the structural inspections, section 302-6.2(d)(1) of the Federal Travel Regulation (FTR)² lists various miscellaneous expenses which may be reimbursed in connection with real estate transactions, while section 302-6.2(d)(2) lists those items which may not be reimbursed. Neither of these inspection fees are listed as reimbursable or nonreimbursable under these two sections. However, section 302-6.2(f)³ provides reimbursement authority for other incidental charges for required services if they are customarily paid by the seller of a residence at the old duty station, but the amount reimbursed not exceed the customary rate in the locality of the residence.

We have held that the phrase "required services" as used in FTR 302-6.2(f)⁴ refers to those obligations which are imposed on the employee by a lending institution, or by state or local law as a precondition to the sale or purchase of a residence. Where the service performed was not so required, we have uniformly denied reimbursement.⁵

Neither the radon inspection nor the structural inspection were required by a lender as a precondition to financing, or imposed by state or local law as a condition of sale. Thus, those inspections do not qualify as required services under section 302-6.2(f)⁶ and are not reimbursable.⁷

With regard to the cost of the lot survey, section 302-6.2(c)⁸ of the FTR authorizes reimbursement for certain legal and related expenses, including the costs of making surveys, if they are customarily paid by the seller of a

²41 C.F.R. § 302-6.2(d)(1) (1991).

³Leonard L. Garafolo, 67 Comp. Gen. 449 (1988), and decisions cited.

⁴Leonard L. Garafolo, supra, footnote 3.

residence at the old official station to the extent they do not exceed amounts customarily charged in the locality of the residence. Normally, lot surveys are a purchaser's cost since they are usually required by mortgage lenders as a condition of their willingness to fund permanent financing for the purchaser. However, the Albuquerque office of HUD has indicated that it is customary for sellers in the Albuquerque area to pay the cost of lot surveys. Therefore, if the amount charged for that survey is not excessive, it may be reimbursed to Mr. Kathmann.

Seymour E. Hinchman
James F. Hinchman
General Counsel